

# Governance, Risk and Strategy Committee Mandate VIA Rail Canada Inc.

## 1. PURPOSE

The Board of Directors has delegated to the Governance, Risk and Strategy Committee the responsibility for oversight and monitoring of the following:

- 1.1 the corporation's governance matters regarding:
  - a) implementation of governance policies and best practices in accordance with its status as a Federal Crown Corporation;
  - b) effectiveness of the Board of Directors and of Committees of the Board;
  - c) succession planning process for the CEO;
  - d) corporate reporting to all governmental authorities; and
  - e) corporate social responsibility, including environment, safety and security matters.
- 1.2 the corporation's risk management policies and procedures, including its Enterprise Risk Management Framework, and follow-up on implementation of such policies and procedures; and
- 1.3 the corporation's strategic planning processes and follow up on implementation of such strategies.

## 2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board of Directors and consist of at least three (3) directors of the corporation, the majority of whom are not officers or employees of the corporation.
- 2.2 The Chairperson of the Committee shall be appointed by the Chairperson of the Board of Directors.
- 2.3 Each member of the Committee shall be literate in corporate governance matters, or shall become so within a reasonable period of time after appointment to the Committee. "Literate in corporate governance matters" shall mean the ability to understand the impact and value of corporate governance matters such as governance practices, Directors' compensation, Directors' training, Board of

Directors effectiveness, Board of Directors and Committee mandates that present a breadth and level of complexity relating to governance issues that are generally comparable to the breadth and level of complexity that can reasonably be expected to be raised by VIA Rail's operations, the whole in accordance with the corporation's status as a Federal Crown Corporation.

- 2.4 The Chairperson of the Committee shall have earned a recognized designation in corporate governance (for example, ICD.D) or have knowledge and experience in corporate governance matters, and at least one other member of the Committee shall also have knowledge and experience in corporate governance matters.
- 2.5 It is recommended that one member of the Committee should have experience in risk management and insurance matters.
- 2.6 It is recommended that one member of the Committee should have experience in strategic planning.
- 2.7 The Chairperson of the Board of Directors and the President and Chief Executive Officer are ex officio members of the Committee.

### 3. OPERATING PRINCIPLES AND PROCEDURES

- 3.1 **Absence of Chairperson of the Committee:** Should the Chairperson be absent or unable or refuse or fail to act, the members present may choose a chairperson from among their number unless the Chairperson has already appointed one of the directors to act as the chairperson for this specific meeting.
- 3.2 **Quorum:** A majority of members of the Committee shall constitute a quorum.  
  
In the event any Committee member declares a conflict of interest with regards to any one or more matters under consideration by the Committee, such Committee member will not attend that portion of the meeting dealing with such matter(s) and the foregoing quorum requirement will be reduced by one (1) with regards to any decision or recommendation made with respect to such matter(s).
- 3.3 **Voting:** A matter put to a vote at a meeting of the Committee shall be decided by a majority of the votes cast. In the event of an equality of votes, the members shall attempt to resolve the matter by further discussion and consensus; however, in the absence of agreement, the Chairperson of the Committee has a second vote.
- 3.4 **Frequency of Meetings:** The Committee shall meet at least four times annually, or more as required.
- 3.5 **In camera session:** At each Committee meeting, the Chairperson of the Committee shall determine if an in camera session is necessary.

- 3.6 Supplemental Attendees:** Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chairperson of the Committee to attend any meeting of the Committee.
- 3.7 Reporting:** The Chairperson of the Committee shall report on its activities to the Board of Directors after each Committee meeting.
- 3.8 Review of Mandate:** The Committee shall, as deemed appropriate, review and assess the adequacy of its mandate.
- 3.9 Self-assessment:** The Committee shall regularly conduct a self-assessment of its performance, and the Chairperson of the Committee shall discuss the results with the Chairperson of the Board of Directors.
- 3.10 Outside Advisors:** Subject to approval of the Chairperson of the Board of Directors and the Corporate Secretary, the Committee has the authority to engage outside advisors including, but not limited to, legal counsel, consultants and other experts, as needed, to review any matter under its responsibility.
- 3.11 Workplan:** The Committee shall, in consultation with management, develop an annual workplan responsive to the Committee's responsibilities and duties.

## 4. RESPONSIBILITIES AND DUTIES

### 4.1 Governance policies and practices

The Governance, Risk and Strategy Committee shall:

- a) review policies and best practices related to corporate governance matters, in the context of the corporation's status as a Federal Crown Corporation, including:
  - Access to Information & Privacy;
  - Multiculturalism;
  - Official Languages; and
  - Legal and Statutory Compliance.
- b) examine the adequacy and effectiveness of the Board of Directors' practices in light of changing requirements and recommend improvements to the Board of Directors;
- c) review and recommend for approval to the Board of Directors the Annual and Quarterly Reports (except financial statements and MD&A), along with the press release related thereto;

- d) review and update the corporation's By-laws periodically; and
- e) review the report of the corporation's Ombudsman on complaints or submissions regarding the disclosure of wrongdoing.

#### **4.2 Board of Directors and its Committees**

The Governance, Risk and Strategy Committee shall:

- a) review materials and programs for the orientation and development of Directors;
- b) review procedures for satisfactory communications among the members of the Board of Directors and between management and the Directors;
- c) ensure that the Board of Directors and its Committees has timely access to all documentation relevant to the accomplishment of its functions; such documentation should be presented in similar format and of similar quality;
- d) design a process for the evaluation of the effectiveness of the Board of Directors and its Committees, and conduct such evaluation periodically;
- e) review periodically the mandates of the Board of Directors and its Committees, and recommend appropriate modifications to the Board of Directors;
- f) Upon a vacancy occurring, participate in identifying and evaluating profiles of potential candidates to assume the position of Director based on a skills matrix;
- g) develop, update and maintain a Directors' skills matrix;
- h) consider and recommend to the Board of Directors training to be followed by Directors in conformance to the Directors' skills matrix;
- i) review periodically Directors' compensation including quarterly review of Directors' fees and expenses, and apply the Directors' compensation guidelines;
- j) establish and recommend to the Board of Directors the annual calendar for Board of Directors and Committee meetings;
- k) review and recommend to the Board of Directors the approval of the annual budget for board activities (if any) and Directors' expenses and trainings in accordance with its policy ; and

- l) review, update and ensure ongoing compliance of Directors' Code of Conduct and Ethics and guidelines pursuant to *Conflict of Interest Act* and *Federal Accountability Act*.

#### **4.3 Succession planning process for the CEO**

The Governance, Risk and Strategy Committee shall:

- a) Review periodically the CEO succession planning process; and
- b) Follow the guidelines (if any) established by Her Majesty in right of Canada for the appointment of the Chief Executive Officer.

#### **4.4 Corporate Reporting**

The Governance, Risk and Strategy Committee shall oversee and periodically assess the policies and practices relating to Legal and Statutory Compliance in the context of the corporation's status as a Federal Crown Corporation.

#### **4.5 Corporate social responsibility**

The Governance, Risk and Strategy Committee shall:

- a) oversee the development and implementation of environmental, safety and security policies, procedures and guidelines; and
- b) assess periodically the corporate environmental, safety and security practices and monitor systems with regard to compliance to statutory and regulatory requirements and industry standards regarding such matters, and, where applicable, ensure any remedial plans and programs are carried out.

#### **4.6 Risk Management policies and procedures**

The Governance, Risk and Strategy Committee shall:

- a) contribute to and monitor the corporation's procedures to identify its principal business risks and define risk appetite and tolerance levels;
- b) review, monitor and recommend to the Board of Directors the Enterprise Risk Management Framework;
- c) review and assess the reports from management, the internal auditors and the external auditors on the policies and processes undertaken to manage and mitigate risk;

- d) ensure that policies and practices regarding high quality risk assessments and mitigation is embedded into financial and non-financial management processes;
- e) report to the Board of Directors at least quarterly on the corporation's risk profile and emerging risks;
- f) review periodically policies and practices related to Directors' and Officers' liability insurance; and
- g) review periodically policies and practices related to the corporation's other insurance programs.

Particular focus is given to reviewing and assessing:

- a) the risk management strategy adopted. This should encompass the full range of risks, including Infrastructure, Equipment, Safety, I.T., Revenue, Employee Engagement, Relation with Government and any other emerging risks;
- b) management's ownership and accountability of these risks;
- c) the level of assurance provided to the Board of Directors relating to the management of these risks; and
- d) the scope and effectiveness of systems established by management to identify, assess, manage and monitor non-financial risks.

#### **4.7 Strategic planning process**

The Governance, Risk and Strategy Committee shall:

- a) review annually and recommend to the Board of Directors the corporation's strategic planning process;
- b) review regularly the corporation's progress against its strategic plan and report, as required, such progress to the Board of Directors; and
- c) review the five (5) year Corporate Plan and ensure it reflects the corporation's strategic plan.